

Idaho State Historical Society
Financial Services
Quarterly Report
July-September 2003

Overview:

Ongoing - Continue database of projected expenditures as purchase request forms are received. Process expenditure vouchers, receipt transactions and maintain control of appropriation and cash balances. Prepare management reports for review by administrators, Director and Trustees. Process payroll and personnel transactions. Facilitate personnel proceedings and maintain records. Maintain publications inventory. Bill for agency services and sales.

In addition to our routine monthly activities the fiscal office:

July:

1. Start submitting SCO (GAAP) closing packages.
2. Submit FY05 operating budget to State Board of Education.
3. Prepare and submit FY05 Permanent Building Fund final request to DPW and State Board of Education.
4. Respond to 90 day Legislative auditor inquire.
5. Received notice that Keith Hasselquist CFO of the State Board of Education would be resigning effective August 8th.
6. Process NPS Cost Share request for funds to pass along to City of Weippe.

August:

1. Applied for and received DUNS number. (Required now as a condition for Federal grant applications).
2. Teresa assigned to coordinate inservice training utilizing CDs available from Department of Human Resources. (Topics refer to Employee Harassment, Workplace Violence, Employee use of Internet, and Defensive Driving.
3. Responded to DHR proposed rule changes concerning "limited service personnel" appointments.
4. Continued with SCO closing package submittal.
5. Continue to protest the \$9,000 + additional Assay Office rent for FY04
6. Prepared and submitted hard copy of operating budget in DFM format to State Board of Education.
7. Jeanne and I met with Marion Demer and Connie Sterns to identify STARS structure capabilities to account for grant receipts and expenditures in compliance with grant provisions.
8. The Legislative Auditors visited Museum and Old Pen to check compliance with their findings concerning the handling of receipts, reconciliation of cash, and the size of posted signs. They were not satisfied with our progress complying with this finding.

9. Jeanne, Bobbi and I met with Legislative Auditors, Tom Haddock and Randy Rhuman to discuss the audit follow-up report. In addition to the discussion of their dissatisfaction with our progress on handling receipts, reconciliation of cash and posting signs at our visitor sites, they requested a time schedule for compliance with their request to revise our STARS financial structure to account for grant financial activity. The results of that meeting resulted in the attached "Report Follow-UP". (Supplied courtesy of Chris and her scanner equipment and expertise). They will continue to revisit us each 90 days to check on our progress until our systems meet with their approval.
10. Researched grant and PCA structure balances on STARS records with State Controller's Office.

September:

1. Jeanne and Barb attended payroll conference conducted by State Controller Office, (Employee Information Systems).
2. Submit "current" agency wage and salary policies to Dept. of Human Resources.
3. Investigate Legislative Service Office 133% increase in annual billing and respond to their solution that we can just charge it to our Federal grants.
4. Received notification that Jeff Shinn, our Dept. of Financial Management budget analyst will be replacing Keith Hasselquist as the CFO of State Board of Education starting October 10th.
5. Prepare and submit final closing package reports to State Controller's Office.
6. Teresa attended Excel training to upgrade her spreadsheet skills.
7. Continue research of STARS grant records with State Controller's office.
8. Respond to State Controller Office plan to discontinue providing printed reports to agencies starting 2 months from October 1st. In spite of the over \$17,000 we have been billed in advance for FY04 they claim it is costing them too much to supply printed reports to agencies and we will be required to print our own. (We will be stuck using our own paper, supplies, low volume printers, staff and computers). The second notice of this proposal states that they are just now setting up the "On Line Reporting" application and "they will be training agency personnel in coming weeks and they expect that this application will be a tremendous success based on the number of positive calls they have received." I don't think they included my response in the number of positive calls they counted.
9. Reconciled NEH Cultural roots grant expense for final report.
10. Received notification that Cindy Hall, Financial Coordinator for State Board of Education will resign effective October 3rd.

11. Prepared and submitted 5 year lease plans for Public Works.
12. Prepared and submitted E-files of operating fund enhancement and Permanent Building Fund requests to State Board of Education to be included in budget meeting
13. Request final receipts of Federal FY03 SHPO reimbursement.

Projects Underway:

1. Respond to additional budget package inquiries from DFM & LBO.
2. Review Equipment disposal records and update SCO-FAS system records.
3. Prepare trend analysis or other reports as required by LSO.
4. Jeanne and I meet with Lisa Robbins at Dept. of Commerce to identify alternative leave accrual method.
5. Continue STARS grant accounting structure revisions. As noted in the "Legislative Audit Report" our goal was to have the revisions in place by October 1st. (The beginning of the SHPO grant year). The process has proved to be more time consuming and complex than even I anticipated, so further revisions appear necessary if the system is to be utilized. The meeting at the Dept. of Commerce is in conjunction with this effort.
6. Prepare indirect cost report based on FY03.

Personnel:

No change in Fiscal Office personnel.

Gifts and Donations:

No gifts or donations to the Fiscal Office.

Programs Presented:

No programs to the public presented by Financial Services staff.

Calendar of Events:

Not Applicable.

Number of patrons or visitors:

Not Applicable.

Submitted by:

V. L. Huntsinger
Thank you.

REPORT FOLLOW-UP

AGENCY: STATE HISTORICAL SOCIETY

On April 17, 2003, the Legislative Services Office released a *Management Report on Financial Procedures* for the State Historical Society for FY 02. The State Historical Society was contacted on August 4, 2003, and this follow-up report addresses how it has responded to the two findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

FINDING #1. Accounting procedures did not ensure efficient and accurate reporting.

The Historical Society needed to improve procedures to ensure accounting is efficient and accurate. These improvements would make accounting much easier and lower the risk of errors.

The primary problem with the Historical Society's accounting is that it does not use the automated State Accounting and Reporting System (STARS) to fully account for federal grants. Instead, the Society uses a series of spreadsheets. As a result, we found errors and had difficulty tracing federal billing amounts to source documentation.

We recommended that the Historical Society improve its accounting for transactions and financial reporting. Specifically, we recommended the Historical Society restructure its STARS coding scheme to use the automated system effectively and eliminate the use of spreadsheets.

AUDIT FOLLOW-UP. The Society is in the process of restructuring its coding scheme to more effectively use the State's automated accounting system and plans to have the restructuring completed before October 2003.

STATUS: IN PROCESS

FINDING #2. Internal controls over receipts were not adequate.

The Historical Society uses cash registers to record admission receipts at the Historical Museum and the Old Penitentiary. The receipts totaled more than \$80,000 during fiscal year 2002. Controls for using cash registers were not adequate because all collections may not be entered into the cash registers, duties were not segregated, and supervisors did not review and approve voided transactions. In addition, an electronic counter at the entrance to the museum exists, but was not used to reconcile the number of daily visitors to the amount of daily receipts.

We recommended that the Historical Society:

- 1. Post a sign near the entrance of the Historical Museum and the Old Penitentiary requesting patrons to obtain a current cash register receipt to show proof of payment and instruct employees to issue cash register receipts to patrons.**
- 2. Require the daily cash register close-out to be completed by a supervisor and the cashier, and that both sign the cash register tape verifying the amount collected and recorded.**

3. **Explain each voided transaction and monitor and investigate those voided transactions that are excessive.**
4. **Monitor cash collections (compared to checks) and look for unusual trends or spikes in the amount of cash collections.**
5. **Use the electronic counter located by the museum door to reconcile daily visitor counts to the daily cash register total.**

AUDIT FOLLOW-UP. The Society now monitors collections of cash versus checks to look for excessive spikes or trends that may indicate funds are being misappropriated. The Society decided that the electronic counter could not be situated in such a way as to effectively provide an accurate count of patrons and no longer uses it. The Society has yet to place effective signs at entrances requesting patrons to obtain cash register receipts, but plans to do so. Similarly, the Society has not yet established procedures to investigate excessive voided cash receipt transactions at the revenue source and at the time of occurrence, but will attempt to do so. Procedures for cash register closeouts will be reviewed to improve controls over cash register transaction. The agency believes that it may not always be able to provide good controls over cash register transactions because of shortage of staff and reliance upon volunteers.

STATUS: IN PROCESS